

ORGANIZATION LICENSE

This chapter outlines requirements contained in Minnesota statutes and rules that an organization must meet to obtain an organization license.

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Qualifications to Apply

If an organization answers "yes" to all 9 questions, the organization qualifies to apply for a license.

___ **Yes** ___ **No**

1. Has the organization been in existence for the most recent three years preceding the license application as:
 - a Minnesota nonprofit organization (corporation) registered with the Minnesota Secretary of State; and/or
 - an organization designated as exempt from the payment of income tax by the Internal Revenue Code.

Merged organizations: If two organizations merge and at least one organization has an active license, the newly created organization will be considered to have been in existence for the most recent three years for license qualification purposes.

___ **Yes** ___ **No**

2. Is the organization one of the types listed below?

___ **Fraternal**—A nonprofit organization that is a branch, lodge, or chapter of a national or state organization registered by the IRS as a 501(c)(8) or 501(c)(10) nonprofit organization and exists for the common business, fraternal, or other interests of its members.

The term "fraternal" does not include college or high school fraternities or sororities.

___ **Religious**—A nonprofit organization, church, body of communicants, or group gathered in common membership for mutual support and edification in piety, worship, and religious observances.

___ **Veterans**—Any congressionally chartered organization in Minnesota, or branch, lodge, or chapter of a nonprofit national or state organization in Minnesota, with a membership consisting of individuals who were members of the armed services or forces of the United States.

___ **Other nonprofit**—A nonprofit organization (other than a fraternal, religious, or veterans organization) whose proof of nonprofit status is documented by:

- an IRS income tax exemption 501(c) letter, or
- a current Certificate of Good Standing from the Minnesota Secretary of State.

Governmental entity does not qualify: A governmental entity such as a city, public school, or city parks and recreation department does not qualify as an organization.

Qualifications to Apply (continued)

- ☐ **Yes** ☐ **No** 3. Does the organization have at least 15 active members who:
 - are at least 18 years of age;
 - have equal voting rights, an equal opportunity to be elected an officer, and the right to attend regular meetings;
 - have his or her name and membership origination date appear on the organization's membership list with the member's knowledge and consent;
 - have been a member for at least six months; and
 - have paid all dues?
- ☐ **Yes** ☐ **No** 4. Has the organization applied for at least one premises permit?
- ☐ **Yes** ☐ **No** 5. Has or will the organization establish in Minnesota a gambling bank account and a permanent location where its gambling records and equipment will be stored?
- ☐ **Yes** ☐ **No** 6. Do the organization's officers meet the following qualifications?

The organization's officers or members of the organization's governing body:

 - have not been convicted of a felony or gross misdemeanor involving theft or fraud;
 - have not been convicted of a crime involving gambling; and
 - have not had a license issued by the Gambling Control Board revoked for a violation of law or Gambling Control Board rule.
- ☐ **Yes** ☐ **No** 7. Has the organization's chief executive officer (CEO) attended the gambling manager seminar within the last six months?
- ☐ **Yes** ☐ **No** 8. Does the organization have a gambling manager who is qualified, bonded, and has attended the gambling manager seminar and passed the gambling manager exam within the last six months?

The organization must have a gambling manager who will be licensed by the Gambling Control Board at the time the organization obtains its license. Refer to the *Gambling Manager License* chapter for qualifications.
- ☐ **Yes** ☐ **No** 9. If the organization was previously licensed, has the organization filed a termination plan and completed all requirements of the license termination plan or any consent orders?

Organization License Application

LG200A Organization License Application; license term

This application requires specific information about the organization and its officers.

To receive an organization license, an organization must also obtain a gambling manager's license and at least one premises permit. Refer to the *Gambling Manager License* and *Premises Permits* chapters for further information.

License term: The term of an organization license issued by the Gambling Control Board is perpetual (**no renewal application required**) unless:

- the Gambling Control Board revokes or suspends the organization license;
- the organization terminates the license; or
- the license lapses. (See "Lapsed License" section in this chapter.)

Proof of nonprofit status

An organization must provide documentation showing that it has been in existence as a nonprofit organization for the most recent three years. (See item #1 on page 2 for exception for merged organizations.)

Attach one of the following:

— Minnesota Secretary of State—Current Certificate of Good Standing

Don't have a copy? This certificate must be obtained each year from:

Minnesota Secretary of State
Business Services Division
60 Empire Drive, Suite 100
St. Paul, MN 55103

Phone: 651-296-2803, or toll free 1-877-551-6767

www.sos.state.mn.us

The certificate issue date cannot be more than 12 months prior to the date the organization's license application is received by the Board.

— Internal Revenue Service—IRS income tax exemption 501(c) letter in your organization's name

Don't have a copy? To obtain a copy, send your organization's federal ID number and the date your organization initially applied for tax exempt status to:

IRS
PO Box 2508, Room 4010
Cincinnati, OH 45201

Phone: 877-829-5500 or 202-283-2300

— Internal Revenue Service—Affiliate of national, statewide, or international parent nonprofit organization (charter)

If the organization falls under a parent organization, attach copies of both of the following:

- a. IRS letter showing that the parent organization is a nonprofit 501(c) organization with a group ruling, and
- b. the charter or letter from the parent organization recognizing the organization as a subordinate.

Sales tax exempt status or federal ID employer numbers are not proof of income tax exempt status.

Organization License Application (continued)

Bylaws and membership list

- Include a copy of the organization's bylaws, signed and dated by the chief executive officer.
- Submit a membership list showing at least 15 active members, including date of membership for each member. The members listed must meet the definition of an active member (see page 3, question 3).

LG200B Organization Officers Affidavit

An affidavit must be completed for both the chief executive officer (CEO) and the organization's treasurer. When an organization elects a new CEO or treasurer a new LG200B is required to be completed.

CEO—Person responsible for the organization, such as the president or commander. The organization may not assign a CEO for gambling.

Treasurer—The person who handles the nongambling monies for the organization, such as the bookkeeper or accountant.

- The treasurer cannot be a signatory on the organization's gambling account.
- The CEO may be the same person as the treasurer, depending on the organization's size and structure.
- If the CEO is the treasurer, the CEO cannot be a signatory on the organization's gambling account.

LG200C 501(c)(3) Organization and 501(c)(4) Festival Organization

The Gambling Control Board may require a 501(c)(3) or 501(c)(4) festival organization that intends to transfer gambling funds to its general account for program services to submit form LG200C.

Registration of Paid Gambling Employees

Use U.S. government-required Form I-9 to document information regarding each paid gambling employee. Compensation means wages, salaries, and bonuses paid from gambling funds to gambling employees for services provided by a person.

Form I-9 must be kept with organizations records for 3-1/2 years.

Organization License Fees

Annual license fee

The annual organization license fee is \$350. The fee is not prorated, refundable, or transferable.

Organizations that expect to receive less than \$100,000 in gross annual gambling receipts may request a waiver, in writing, of the annual organization license fee from the Gambling Control Board. This waiver does not apply to the gambling manager license and premises permit fees.

License and permit fees are paid to the Board on a yearly basis.

- When an organization submits its initial organization license application it must pay license and permit fees that are good for one year.
- Each year thereafter the Board will send the CEO a notice of annual fees due for the organization license (\$350), gambling manager license (\$100), and for each premises permit (\$150).

Monthly regulatory fee

Once an organization is licensed, it must pay a monthly regulatory fee of 0.125% (.00125) of the gross receipts from lawful gambling conducted at all sites at which it conducts lawful gambling.

- The monthly fee is reported on the G1 Lawful Gambling Monthly Tax Return and paid to the commissioner of revenue with the tax return for that month. Instructions are in the *Minnesota Lawful Gambling Tax Forms and Instructions* booklet available from the Department of Revenue.
- Failure to pay the fee in a timely manner may result in disciplinary action by the Gambling Control Board.

Lapsed Organization License

An organization's license is considered to be lapsed (no longer valid) when the organization:

- does not conduct and report any gambling sales activity within seven months from the date of the last gambling activity;
- fails to have a gambling manager as required by Minnesota Statutes, Section 349.167;
- fails to pay annual license and permit fees; or
- surrenders, withdraws, or otherwise terminates the license and files a license termination plan.

Actions the Board may take if the organization license is lapsed

If the organization license is determined to be lapsed (no longer valid), the Gambling Control Board may:

- institute a proceeding authorized under Minnesota Statutes, Section 349.155;
- enter a revocation order as of the date on which the license was considered lapsed;
- impose a civil penalty;
- order corrective action; or
- summarily suspend the organization license.

Questions? Contact your Licensing Specialist at the Gambling Control Board.

Reporting Organization Information Changes

Organizations are required to submit to the Gambling Control Board changes in their license application information, which include but are not limited to:

- Organization name, address, phone number changes (LG1015)
- Meeting date and time changes (LG1015)
- CEO or treasurer address or phone number changes (200B)

The LG1015 Reporting Organization Information Changes must be completed and submitted to the Gambling Control Board within ten days of the change.

DO NOT USE THE LG1015 TO CHANGE A CEO OR TREASURER (USE LG200B).

The forms are available at www.mn.gov/qcb or from the Gambling Control Board.

Terminating an Organization License

If an organization terminates its gambling operation (organization license, gambling manager license, and all premises permits), the organization must complete a license termination plan and meet certain requirements.

The LG204 License Termination Plan must be completed and submitted to the Gambling Control Board within 30 days from the last day of activity (actual sales).

The form with instructions is available at www.mn.gov/qcb or from the Gambling Control Board.

The license termination plan is a proposal describing how the organization will dispose of all remaining gambling funds and inventory.

If an organization terminates all licensed gambling activity and does not file a license termination plan, the organization will not be eligible to be licensed in the future until the plan is filed with and approved by the Gambling Control Board.

Get Board approval before making any expenditures

After the license is terminated, expenditures may not be made from the gambling account until the Gambling Control Board has approved the license termination plan.

The organization will be notified by the Gambling Control Board when it has approved the license termination plan. The organization may then make expenditures for the remaining funds, according to the approved license termination plan, to close out its gambling checking account(s).

Continue to file monthly reports

If an organization has filed a LG204 License Termination Plan with the Gambling Control Board, the organization must continue to file forms LG100A, LG100C, and LG100F each month until all gambling funds have been expended.

Maintain records

All gambling records must be kept in a secured area, not susceptible to flooding, for at least 3-1/2 years after an organization terminates its license or files the appropriate tax returns and forms, whichever is later.

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